



# Today's Contractor

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## Adapting to Tough Economic Conditions

A slowdown in the economy is never a welcome development. But with the right strategies, your business can not only survive a recession, but it can also emerge leaner and more competitive than ever.

When business is booming, most contractors don't take the time to find out if their organization is running at maximum efficiency. Wasteful practices may abound, but they are seldom addressed in the rush to get each job done. Yet, when business slows, you may have the time to take stock of business operations, formulate new strategies, and find innovative resources to help

improve the efficiency and economy of your business.

Here are some issues to consider when planning to improve your company's chances of success in the face of difficult economic conditions:

**Where can I cut costs?** Look for large and small ways to economize, without changing vital areas. For example, it may be possible to reduce the number of vehicles used or to conserve energy by turning off equipment when not in use. Chances are your suppliers have also been hit by the slowing market; now may be a good time to revisit some of your agreements and possibly negotiate a temporary or long-term discount. With the prices of many building materials now considerably lower than they were even a year ago, consider taking advantage of bargains by buying in bulk or locking in prices for the future.

**Are my marketing strategies still relevant?** The marketing approaches your firm used in boom times may be less effective under tighter conditions. Clients may be more cautious about commissioning projects, and they may want reassurance that they are getting quality and value for their money. While it may be a struggle

## The Ins and Outs of Hiring Temporary Workers

Recruiting temporary workers can be a flexible alternative to hiring permanent employees, especially when your company's workload varies according to season or market conditions. But before hiring temporary staff, it is important to be aware of potential legal problems, as well as the challenges involved in training workers and integrating them into the organization.

If you are thinking of hiring temporary workers, you first have to decide whether your company will handle recruitment or rely on staffing agencies to identify and screen candidates.

Before entering into a relationship with a staffing firm, tap your professional networks to find out about the agency's reputation within the industry. In addition, verify that the agency covers worker compensation, has all necessary insurance in place, and conducts thorough screening and training of all workers. Make sure that you understand fully the agency's fee structure, and watch out for hidden charges. Have your attorney review contracts with staffing agencies to ensure that potential exposure to liability is minimized.

Once you have found an agency, provide them with regular feedback about the workers they have sent. This will help the agency better understand the needs of your company and make it easier for their placement specialists to identify appropriate candidates in the future.

Recruiting workers without an agency can save money, but it can be a time-consuming process. If you are looking for seasonal workers, consider putting in requests with job placement offices at local schools and universities, or attending job fairs. Even if you only plan to employ workers for a short period of time, it is essential to conduct basic interviews, review resumes, and check references and Social Security numbers. No worker should be allowed to enter a job site unless he or she has passed all relevant background checks.



Before placing want ads or interviewing candidates, consult trade publications or use online benchmarking tools to gather information about prevailing pay rates in your area. If your firm does not have a human resources department large enough to handle seasonal hiring, consider outsourcing some aspects of the recruitment process to an outside agency, while still maintaining control of candidate selection.

Another key issue that must be addressed when hiring temporary workers is training. Even experienced workers may need help adjusting to a new work environment. If possible, appoint a foreman or senior employee to show recent arrivals the ropes, explaining basic rules and procedures, as well as outlining performance expectations. It is, of course, essential that all temporary workers understand safety procedures and are supplied with proper equipment and protective gear. Depending on the project, it may be necessary to provide formal training sessions, followed by testing to ensure the information has been understood. If language is an issue, interpreters should be available.

Avoid using temporary employees for long periods of time, as resentments can arise when workers doing the same jobs are subject to different terms and conditions. In addition, temps are less likely to be loyal to the organization and, therefore, should not be relied upon to make the same long-term contributions as permanent employees.

Even if your primary goal in hiring temporary workers is to meet demand during busy times only, ask your supervisors to keep an eye out for temps who are especially productive workers and who might be suitable candidates for full-time positions, should they become available. In the meantime, recruiting temporary workers may be a viable alternative for your company. Awareness of the ins and outs can help you make the most educated decision according to your business needs.

## The Benefits of Energy-Efficient Windows

Advances in window design and technologies have provided homebuilders and their clients a wide variety of windows that are attractive, energy efficient, and affordable. Contractors can help clients select the windows that best meet their design, comfort, and energy use requirements, while remaining within budget.

Besides lowering utility bills, high-quality, energy-efficient windows provide great comfort and protection. They can, for example, reduce or eliminate winter drafts; shield interiors from summer heat; prevent condensation and mold from forming on

and around window panes; and block the sun's rays, which can cause furniture and carpets to fade. Multi-paned windows can also reduce levels of outdoor noise.

With technologies continuously evolving, a wide range of window options are available. Most energy-efficient windows currently on the market feature two or three panes of glass. These panes are often separated by insulating chambers that are filled with argon, krypton, or other gases designed to reduce convection currents, which are a primary cause of energy and heat loss. Spacers made of the

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## Adapting to Tough Economic Conditions

to increase your marketing budget, well-targeted advertising campaigns can go a long way toward bringing in new business. Stepping up your networking efforts, both in person and online, is a low-cost option for attracting new customers and staying in touch with existing clients.

**Are my prices right?** Lowering your prices may be a painful but necessary measure in a declining economy. Even if you don't reduce prices across the board, you may offer discounts or incentives to attract and retain customers. If your customers agree to adjustments in the scope of the work or types of materials used, it may be possible to lower your prices while still maintaining profit margins.

**Can I trim my payroll without losing key employees?** Some companies start laying people off at the first signs of an economic slowdown. However, this can prove to be a dangerous overreaction, especially if your business ends up losing its most valuable employees. If you need to reduce payroll costs, consider viable options for doing so without letting good people go, such as offering flexible schedules, time off for training, or reduced hours for employees who want them. If necessary, consider trimming the size of retirement and health benefits, with assurances to employees that benefits will be restored as business improves.

**How can I maximize my cash flow?** When funds are tight, keeping track of cash flow becomes especially important. Check that your invoicing processes are efficient, and that outstanding accounts are managed quickly. As obtaining credit becomes more difficult, meet with your accountant and your banking representative to discuss your credit lines, ways to improve your company's credit score, and the options available in case of emergency.

**Is it time to try new technologies?** Implementing new software and other information technologies, and integrating these programs into your business operations, is a complex and sometimes arduous process. A slower pace can provide your staff with the time they need to familiarize themselves with IT solutions that can help your business operate more efficiently. When better times return, your firm will continue to benefit from the productivity enhancements. Review your website, ensuring that the information is up-to-date and professionally presented. Investing time in enhancing your online presence will likely pay off during the downturn and as the economy improves.

Adapting to tough economic conditions isn't easy. But, neither is running a business. Rather than focusing on the recession, focus on emerging leaner and more competitive than ever. After all, when the going gets tough, the tough get going.

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## The Benefits of Energy-Efficient Windows

right materials—usually foam or vinyl—ensure that the panes remain the appropriate distance apart, and that the airtight seal is preserved. Low-emissivity, or “low-e,” glass coatings reflect infrared and ultraviolet light, helping to keep the interior warm in the winter and cool in the summer. The latest generation of energy-efficient windows feature glass that can be tinted with the flick of an electronic switch.

Well-constructed window frames and sashes can also serve to reduce heat transfer and provide better insulation. Frames made of wood and wood composites offer superior thermal performance, as do vinyl and fiberglass frames. Though durable and easy to maintain, aluminum frames tend to conduct heat and are thus a less attractive option.

Energy-efficient windows are generally more expensive than standard windows, but the avail-

ability of tax credits and utility rebates can help to defray the extra cost. Clients concerned about making the investment should also be reminded that savings on heat and cooling bills provided by high-performance windows can be realized almost immediately. According to the U.S. Environmental Protection Agency (EPA, 2009), windows that qualify for the agency’s “Energy Star” label offer savings of up to \$465 a year when compared with standard single-pane windows.

The types of windows required will vary considerably by geographic region. Even in the same home, windows with different features may be more or less appropriate depending on the level of sun or wind exposure on each side of the home. As with many “green” improvements, energy-efficient windows can increase the value of the home, while improving the quality of life of the people within.

## construction trend data

Despite an expansion of infrastructure projects, the ongoing retreat of the residential building sector, together with mixed reports from the non-residential building sector, resulted in an overall decline in new construction starts of 3% between October and November 2008. Total construction starts between January and November of 2008 came to \$509.9 billion, down 16% from the same period of 2007. Nonbuilding construction grew 2% during the first 11 months of 2008, while residential construction decreased 39% and nonresidential building was unchanged.

Robert A. Murray, vice president of economic affairs for McGraw-Hill Construction, noted that 2008 saw an emerging weakness for nonresidential building, which is expected to broaden in scope during 2009 due to the tough economic climate. Given the potential boost to public works coming

from additional public spending on infrastructure projects, Murray added, “the prospects for non-building construction going into 2009 would appear to be the brightest of the three major sectors.”

New construction starts by region for the first 11 months of 2008 were as follows: Midwest, down 12%; Northeast, down 2%; West, down 27%; South Central, down 1%, and South Atlantic, down 25%.

### Year-to-Date Construction Contract Value Unadjusted Totals, In Millions

	11 Mos. 2008	11 Mos. 2007	% Change
Nonresidential Building	\$221,937	\$222,111	0
Residential Building	154,438	251,150	-39
Nonbuilding Construction	<u>133,524</u>	<u>130,296</u>	+2
Total Construction	\$509,899	\$603,557	-16

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